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BACKGROUND INFORMATION ON NORTH KOREA

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The Democratic Peoples Republic of Korea, one of the weakest of the satellites, is dominated politically, militarily and economically by the Sino-Soviet Bloc. Without the support of the USSR and Communist China, the North Korean Government would find it extremely difficult to exist. Internally, the regime is grappling with the reconstruction of the national economy devastated by two wars. This recovery is complicated by the lack of natural resources, manpower and food. In international problems, Pyongyang merely echoes the statements and propaganda of its Communist masters. Realizing that Bloc economic aid will practically come to an end by 1960, Pyongyang is desperately attempting to promote trade with non-Bloc countries as a means of finding foreign currency and also to induce diplomatic recognition. While North Korea has the third largest armed forces in the Communist group of nations, without external support it is incapable of any sustained military operations.

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BACKGROUND INFORMATION ON NORTH KOREA

A. Strategic Importance of North Korea

1. Geographical location.

North Korea, officially designated the Democratic Peoples Republic of Korea, is bounded on the north by the Tumen (Tumen-gang) and Yalu (Amnok-Kang) Rivers and on the south by the truce demarcation line of August 1953, 1/ which is approximately the 38th parallel of latitude. The northern frontier borders China (Manchuria) for 500 miles and touches the Soviet Union for 11 miles some 200 miles south of Vladivostok. The land boundary on the northwest is largely formed by the two rivers which rise in the Paektu-san Mountains: the Yalu, which flows southwest into the Yellow Sea, and the Tumen, which flows north and then southeast into the Sea of Japan. Between the headwaters of the two rivers, where the boundary has never been clearly delineated, the desolate mountainous area is of no economic value. But the rivers and mountains have formed barriers which have helped Korea resist foreigners and have contributed to its isolation. 2/ The country covers 120,771 square miles. 3/ Most of the principal ports are on the east coast, which is comparatively regular and has a low tidal range; the west coast has few good harbors.

The country is predominately mountainous, with some peaks exceeding 8,000 feet; less than 10 percent of the land is level enough for cultivation. Throughout the country the natural vegetation is typically grass and treeless scrub, but extensive coniferous forest preserves are found along the Yalu River basin. North Korea is characterized by relatively dry, cold winters and hot, humid summers. January is the coldest month, with temperatures at or near zero. Mean weather cloud cover is about 35-45 percent. Generally, weather conditions are most favorable for aerial operations during the period from October through March. July and August have the heaviest rainfall--six to twelve inches per month. Average maximum temperatures for July and August are 85 degrees Fahrenheit. 4/

2. Economic Resources.

Although largely mountainous and ill suited to agriculture, North Korea is primarily an agricultural country, with

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56 percent of its population engaged in farming and fishing in 1947. Paddy rice makes up 30 percent of the sown area and is the highest yielding grain, contributing one-third of the food consumed and providing the leading source of revenue for the farmer. Potatoes and vegetables contribute over one-third of the total annual food crop. Forests constitute potentially important sources of lumber, pulp, and paper. About four-fifths of the water-power potential of the Korean peninsula is located north of the truce line. Nearly all of the Korean iron ore deposits are also located north of the truce line, the estimated reserves amounting to one billion tons. Except for petroleum and bituminous coal, North Korea contains most major minerals of economic value, including tungsten, magnesite, lead, zinc and copper. Before the Korean conflict, the chemical industry was growing in significance. The Hungnam Chemical Plant had the largest ammonia-synthesis and sulphuric acid production facilities in the Far East and supplied about 90 percent of the sulphuric acid produced in Korea. In 1956 the production of fertilizer was 195,000 tons, or about half of the 1949 output.

A variety of weaknesses have impeded economic development in North Korea. One salient weakness is the shortage of manpower caused by war casualties and migrations to South Korea. There has also been a corresponding decline in the productive age group and potential labor force. These losses have been further aggravated by the maintenance of a large army and the expansion of the government bureaucracy.

In January 1947 the occupational distribution in percentages was as follows: agriculture, 54.59; fisheries, 1.27; mining, 1.41; manufacturing, 2.87; commerce, 2.43; transportation, 0.87; public and clerical services, 3.13; others, 6.98. Another 26.55 percent of the population had no specific occupation. Since 1947 at least half the population, or over two-thirds of the total labor force, has been and probably still is engaged in agriculture. The percentage in industry has undoubtedly increased, however, because of the decline in population and the industrialization effort of recent years.

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As of 1955, the total population of North Korea was estimated to be about eight million, of which 22.5 percent or about 1.8 million were males between the ages of 15 and 60. 6/

During World War II, Korea was left almost intact. Damage of a more lasting nature followed the Japanese defeat in 1945, but by mid-1950 North Korea was on the road to recovery. The Korean War of 1950-1953, however, left the country in almost total ruin. The tangible economic loss alone reached US \$3.5 billions, according to the North Korean official estimate. A total of 8,700 industrial establishments were damaged or destroyed. 7/ T

The following table shows the estimated production of a few selected industries: 8/

<u>Industry</u>	<u>Unit</u>	<u>1946</u>	<u>1949</u>	<u>1955</u>
Paddy Rice	1,000 metric tons	1,107	1,233	1,307
Wheat	1,000 metric tons	41	105	98
Vegetables	1,000 metric tons	623	797	1,196
Timber	1,000 cubic meters	4,800	5,119	5,600
Electric power	Billion kw. hrs.	3.9	5.9	3.0
Coal	1,000 metric tons	1,300	3,600	3,400
Pig Iron	1,000 metric tons	3	166	112
Finished Steel	1,000 metric tons	7	113	77
Ammonia	1,000 metric tons	37	96	7
Sulfuric Acid	1,000 metric tons	108	285	28
Cotton Fibers	Million linear meters	Unknown	9.4	46.2
Pulp	1,000 metric tons	Unknown	22.7	18.9

Although living standards remain exceedingly low in North Korea, rehabilitation of the severely damaged industrial and agricultural industries was well advanced as of 1956. It was estimated at that time that due to substantial material and manpower assistance from the Bloc, industrial output was rising and would probably reach 1949 levels in most sectors and that by 1961 the North Koreans economy would probably be able to make a modest contribution to the Bloc's economic potential in the Far East in the fields of metals, chemicals, and electric power.

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3. Military Potential.

A major asset in the tangible resources of the North Korean armed forces is the quantity of armaments and equipment made available to them since the armistice by the Sino-Soviet Bloc. New and improved models in most categories of materiel, especially heavy weapons, armor, jet aircraft, etc., introduced despite the prohibitions of the armistice agreement, have assured the North Korean forces a substantial materiel advantage over the Republic of Korea (ROK) forces, especially in the initial phases of a possible war. The materiel advantage in modern jet planes and numerical strength of the North Korean Air Force has been increased by the great augmentation of air facilities since the armistice. Air facilities now available for jet and other operations considerably exceed the estimated requirements of the North Korean Air Force, which now has about 762 aircraft, including 492 jets, believed to be in good condition. These facilities would readily lend themselves to use by Chinese Communist and Soviet air forces in case of hostilities. A major weakness is the almost complete dependence on foreign—in this case Soviet—sources of supply for armaments and equipment, including, especially, heavy items of ordnance, vehicles, armor, aircraft, communications equipment and all but a few smaller weapons and their ammunition. Another material weakness is the acute shortage of manpower. At their present size of about 380,000, the North Korean armed forces are at approximately full mobilization strength. The medical services are generally inadequate even under peacetime conditions in terms of physical facilities, personnel, equipment and quantity of medical supplies available. The logistics system is still generally inadequate. Transport facilities and rolling stock form the single greatest lack in the system even today. Specialized operations and techniques, such as air evacuation and supply, and airborne operations on a large scale, are believed to have had little, if any, development.

Factors of strength in the psychological structure of the armed forces are as follows: a rigid and sometimes merciless disciplinary system; constant surveillance and intense and never-ending indoctrination; the presence of large and experienced Chinese Communist forces across the Yalu River; and

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fear of mistreatment by "capitalist murderers" in case of capture. 10/

A careful study by American psychological experts of attitudes exhibited by captured North Korean troops revealed the following: North Korean officers represent, as a whole, a hard core target of strong pro-Communist ideological orientation with marked anti-United Nations and anti-democratic attitudes. Among the North Korean enlisted men these same attitudes increase with combat experience up to a period of from five to six months of combat, following which there is a reversal of attitudes. Those members of the North Korean forces with very long periods of combat experience as well as those with little or none appear, therefore, to be the most amenable to ideological United Nations propaganda. 11/ North Korean officers were optimistic about the course and consequences of the war, whereas the enlisted men were essentially indifferent or pessimistic. The officers were confident of the military capacity of the Chinese and North Korean forces, whereas the enlisted men were characterized by lack of confidence or indecision. 12/ North Korean army methods of motivating riflemen for combat are directed towards securing the individual's acceptance of the political goals of the Communist Party. These methods include a combination of general improvement of the physical, social, and psychological well-being of the soldier, providing him, through indoctrination, with a reason for fighting, and utilizing specific techniques such as criticism meetings and pledge-signing to promote more effective combat performance. The methods exploit social and psychological, rather than physical rewards and punishments. Fifty percent or more of the rifleman's time while in service is devoted to political training. Indoctrination depicts the United States infantrymen as the weakest factor in the US Army. 13/

The armed forces, unaided, are capable of maintaining internal security and of defending themselves against a full-scale attack from the South for a limited time. Because of the superiority of their Air Force they could maintain operations against the ROK Air Force for some time before outside support would become necessary. 14/ However, without external support, the North Korean Army is incapable of any sustained military operations. 15/

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B. North Korean History to End of World War II

1. History to Japanese Occupation.

According to legend the people of Korea are descended from Tan-gun, the off-spring of a heavenly being and a bear; thus, all Koreans point with pride to their divine origin. The true origin of the people still is not definitely known. The general belief among students of Korean history is that they came to the Korean peninsula through the northern part of China from somewhere farther northwest, some five to ten thousand years ago.

Nine major tribal states have existed in what is now Korea. The Chosen and Puyu states, the first to form kingdoms, emerged as early as the third century B.C., followed by the Kokuryo state in the first century B.C. The tribes in the south founded their kingdoms four to five centuries later. These tribal states were followed by six kingdoms of which Silla in the south was the most important; in 576 A.D. it was able to unify the whole of Korea. Muget overthrew the Silla Kingdom and in 918 A.D. set up the Koryo Dynasty, giving to the nation the name Korea. This dynasty lasted until 1392, with the main capital in Kaesong and the second capital, or military center, at Pyongyang.

The last dynasty, from 1392-1910, was founded by Lee Sung Ke, a powerful military leader, who moved the capital to Seoul. The kingdom, called the "Hermit Kingdom," was characterized by isolationism and anti-foreign policies. As early as 1419 it fought with Japanese pirates and Manchurian bandits. During the years from 1592-1598 a well-equipped Japanese army occupied the whole of Korea, but was finally driven out by assistance from Chinese armies and the "Turtle Ships," the first ironclad ships in the world, under Admiral Lee Soon Shin. In 1866 and again in 1871, the Japanese were successful in repelling naval attacks by French and American warships respectively. Although this strengthened Korean isolationist sentiment, the country was soon forced to sign various treaties and agreements with foreign powers. At the turn of the twentieth century the two wars--Sino-Japanese and Russo-Japanese--were fought in and over Korea. Japan emerged as the victor of both and was able to openly engage in its program of controlling

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Korea. In 1905 Korea signed a treaty making it a protectorate of Japan, which formally annexed it in 1910. 16/

2. Exploitation by Japanese.

Renamed Chosen after its annexation, Korea was exploited economically and its people kept in a condition of political subjection. Freedom of speech and assembly was largely prohibited and the people were subject to much brutality. Important administrative and managerial positions were given to Japanese immigrants. A large part of the public lands, which had been used in common by the people, and much of the best privately owned property were expropriated or forcibly sold to Japanese settlers. Korean literature and cultural institutions were suppressed. The Japanese language was required in the schools. Japanese State Shintoism was introduced as the state religion, and there was an attempt to force Japanese manners upon the people. The Koreans, in short, were not only denied the experience and advantage of association and experience with political and economic management but were also subjected to a policy designed to destroy their cultural identity.

While the people never fully accepted Japanese overlordship and condoned the breaking of laws imposed from the outside, the material condition of the country was greatly improved. Considerable progress was made in building harbors, roads and railroads, in modernizing agricultural methods, and in developing manufacturing and trade. A modern banking system was instituted. Health facilities were improved and the educational system expanded. As a result, the living standards of many Koreans improved despite the general orientation of the economy to Japanese needs. Some Koreans of the lower class found that the displacement of the upper classes had opened entirely new opportunities for advancement.

Having embarked on a policy of imperialist expansion, Japan geared the Korean economy to its own war economy. During the 1930's, emphasis was on the development of hydro-electric power and of plant capacity for the processing of the peninsula's mineral resources. Industrial development occurred chiefly

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in the northern part of the peninsula, though all of Korea remained essentially agricultural and commercial. In time the Korean economy became entirely dependent on Japan. A measure of economic interdependence was also created between northern Korea and Manchuria.

3. World War II Declarations.

The Cairo Declaration, issued on December 1, 1943, by the United States, Great Britain and the Republic of China, stated that the three governments, " mindful of the enslavement of the people of Korea, are determined that in due course Korea shall become free and independent." This declaration was reaffirmed at the Potsdam Conference of July 1945, with the Soviet Union announcing its formal adherence to the Declaration on 8 August 1945. Following the Japanese surrender on 14 August 1945, the United States and the Soviet Union agreed on a division of Korea at the 38th parallel as a temporary expedient for the sole purpose of accepting the surrender of Japanese forces in the country, and seemed prepared to put into effect a four power (United States, USSR, Great Britain, and China) trusteeship until such time as the orderly creation of a new government for Korea could be brought about. The cessation of hostilities in 1945 found Korea economically depleted, for the Japanese had systematically stripped Korea of its material resources after hostilities began in 1941. During the last stages of the war, economic controls had broken down, currency was greatly inflated, and production had collapsed. As a result the need for instituting orderly governmental processes was immediate. 17/

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C. Korea From 1945 to Armistice.

1. The Political System under Soviet Occupation.

There was not the slightest doubt in the Korean mind that the defeat of Japan meant liberation and that liberation meant independence for Korea. Even when the Russians occupied the northern half of Korea for reasons the Koreans found impossible to understand and committed acts which could be interpreted as steps to ensure their future control of Korea, the Koreans hoped they were doing so with good intentions. 18/ Following the collapse of Japanese rule in Korea, local Korean leaders established committees throughout the country to preserve order, and the Soviet forces initially sanctioned their continued formation. These committees, however, were quickly brought under Soviet control and organized into a hierarchy of people's committees. The Soviet Union also was quick to realize the potential usefulness of the Korean exiles, particularly those who had settled in the Russian Far East and had become Soviet citizens. Korean Communists, in many cases trained to assume control in place of the Japanese, were introduced into the Soviet zone of occupation immediately after V-J Day.

On 25 August 1945, the Soviet Command transferred the administrative powers of the Japanese Government in North Korea to what was called the Executive Committee of the Korean People. This Committee, with Korean Communists in nominal control, immediately expropriated and nationalized Japanese property. On 9 February 1946, this Russian-sponsored committee was replaced by a Provisional People's Committee for North Korea which served as an interim government. A veteran Korean Communist, KIM Il-sung (6355/2480/2052), headed an all-Korean "cabinet". This regime was put on an elective basis in November 1946. For election purposes various authorized political parties were drawn together into a coalition led and controlled by the Korean Labor Party, previously known as the Communist Party of Korea. Those who expressed dissatisfaction with Communist dominance were purged. By 1947 a governmental mechanism had been created in North Korea which would readily respond to Russian direction, even after the withdrawal of Russian troops.

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Representatives of the United States, Great Britain and the Soviet Union met in Moscow in December 1945 to determine the status of Korea. The Moscow Agreement, to which the Republic of China adhered, provided for a four-power trusteeship for a period up to five years "with a view to the re-establishment of Korea as an independent state". The announcement of the Moscow decision produced a marked reaction in Korea. South Korean political leaders protested the postponement of Korean independence, and only the Communist element in the country supported the four-power solution. Four meetings of the four-power Joint Commission failed to reach agreement on the components of the provisional government, and on 17 September 1947 the United States submitted the Korean problem to the United Nations.

On 14 November 1947, the General Assembly of the UN adopted, over the opposition of the Soviet Union, a resolution to the effect that elected representatives of the Korean people should establish the conditions of unification and determine their own form of government. A United Nations Temporary Commission on Korea was established to observe the elections, but the Commission was not admitted to the northern zone. On 10 May 1948 an election for seats in the constituent assembly was held only in the south, but 100 seats were reserved for North Korean delegates until such time as free elections could be held there.

While the Korean problem was being debated in the United Nations, the North Korean regime announced, on 1 May 1948, a new Constitution and a new flag purporting to apply to all Korea. In August 1948, the Communists held new elections to a Supreme People's Assembly. The Assembly quickly ratified the previously announced Constitution and established the Supreme People's Assembly as the highest legislative organ in the country. A new government, advertised as one of party coalition, was formed on 8 September 1948. On 10 September, KIM Il-sung assumed the post of Premier of the northern Democratic People's Republic of Korea, which was formally recognized by the Soviet Union on 13 October 1948 and which claimed jurisdiction over the entire country. 19/ In December 1948 the Soviet Union withdrew its troops from North Korea. 20/

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A partial list of the individuals associated with KIM Il-sung in the establishment of his government includes: 21/

1. CHOE Yong-kon (1306/5978/0526), now president of the Presidium of the Supreme People's Assembly and, as such, Chief of State. He is an influential member of the Soviet-trained bloc of Korean Communist leaders.
2. CHONG Chun-taek (5774/3294/3419), Vice Premier since 1956 and reportedly a close adviser of Premier KIM.
3. KIM Ch'ang-man (1355/2490/1341), Vice Chairman, Central Committee, Korean Labor Party. Trained at Yenan by the Chinese Communists, he is a close personal friend and supporter of KIM.
4. KIM Il, (6855/2410), Vice Premier, an ex-Soviet citizen of Korean parentage, and a trusted supporter of Premier KIM.
5. KIM Tu-peng, member of the Presidium, Central Committee, Korean Labor Party, and a leader of the "Yenan faction" of Korean Communists.
6. NAM Il (0589/2410), Vice Premier and concurrently Minister of Foreign Affairs. He is an ex-Soviet citizen of Korean parentage.
7. PAK Chong-se, Chairman, Korean Democratic Woman's League, an ex-Soviet citizen of Korean ancestry, educated and reared in the Soviet Union, and winner of a Stalin Peace Prize.
8. PANG Hak-se (2455/1331/0013), Minister of Internal Affairs, An ex-Soviet citizen of Korean ancestry, he reportedly was an agent of USSR People's Commissariat of Internal Affairs (NKVD) before and during World War II.
9. YI Kwon-mu, Army chief of staff, reportedly fought in the Soviet Army during WW II.

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2. Soviet Economic Controls

Before the Korean conflict, the North Korean economy was completely dominated by an elaborate mechanism of Soviet control. The Soviets influenced the country's economy from within through personnel of Soviet Government agencies who were stationed in North Korea and operated under the jurisdiction of the Soviet Embassy. The Soviets also influenced North Korea's external economic relations through their control of its foreign trade.

Soviet technicians were attached to North Korean ministries and major industrial plants, especially in the mining and manufacturing fields, and Soviet advisors attached to the State Planning Commission wielded a key influence over the overall state economic policy and plans.

Soviet control of the internal economy of North Korea was supplemented by its influence in the joint stock companies engaged in North Korea's foreign trade. Under the jurisdiction of the Soviet Foreign Properties Administration in North Korea, these companies were jointly owned by Soviet and North Korean government agencies, though the actual management of the companies was in the hands of Soviet directors. Two companies, Mortrans and Sokao, were engaged in transport business; the former operated shipping services for Chinese, Japanese and Soviet shippers as well as the Korean Trading Company, a foreign trade monopoly in North Korea, while the latter monopolized domestic and foreign air freight and passenger services. In addition, the USSR held a half interest in the Wonsan Petroleum Company, the only oil refinery in operation in North Korea, which it acquired under the Soviet-North Korean agreement of 1947 "in payment for the expense incurred in the development of North Korean industries and transportation facilities and as repayment of credits extended by the Soviet Army up to August 15, 1946."

Through these vested interests and other media, the USSR wielded a dominant influence upon North Korea's internal economy as well as upon its external economic relations. 22/ During hostilities North Korea was heavily dependent on the Soviet Union and Communist China for the supply of both civilian and military goods. 23/

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3. The Korean War

a. Soviet and Chinese Communist Support

North Korean troops, under the command of Soviet officers, launched a full-scale attack across the 38th parallel on 25 June 1950. By September the United Nations forces were holding only the beachhead around Pusan in the southeast but by the end of that month had returned to the 38th parallel. On 9 October UN troops crossed the parallel and within three weeks had reached the Yalu River at several points. Chinese Communist troops then intervened and by the end of the year had driven the United Nations forces back to the 38th parallel. On 27 July 1953 an armistice agreement was signed 25/, but a state of suspended war continues to this day. The North Korean armed forces, throughout the fighting, were completely dependent on the USSR and the Chinese Communist for military materiel. A reliable source has stated that "following China's entrance into the war...Chinese troops carried the major burden of ground and air activities." 25/

b. Effects of the war

North Korea's problems were compounded by the almost total destruction of its industrial plant during the Korean War. 26/ The following table provides a partial list of damage wrought by the conflict: 27/

<u>Type of Damage</u>		<u>Extent of Damage</u>
Electric power	Productive capacity lost	74 percent
Fuel	"	89 "
Coal	"	70 "
Mining, other than coal	"	88 "
Metallurgical	"	90 "
Chemical	"	78 "
Farmland	Damaged and/or destroyed	1.2 million acres
Grain Production	Productive capacity lost	12 percent
Cattle	Destroyed	250,000 head
Hogs	"	350,000 head
Fishery	Value of vessels lost	5 billion won
Residential houses	Damaged or destroyed	600,000
Schools	"	5,000
Hospitals	"	1,000

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The North Korean armed forces were trained entirely by Soviet occupation troops. After the Soviet troops left Korea in 1948 the Soviet Military Advisory Group was enlarged and established on a permanent basis. After hostilities started in 1950 the military establishment, under Soviet guidance, assumed control of many of the ordinary functions of the government, such as transportation, industry, internal security, health and sanitation. Since the armistice in 1953, the number of Soviet advisors has been reduced and are now believed to number about 500.

As of 1957, the strength of the North Korean military forces represented about 4.4 percent of the total North Korean population. The country is considered to be almost fully mobilized at present, insofar as its own resources of manpower, reserves, availability of arms and equipment, training facilities and economic capabilities are concerned. In 1957 the number of males fit for military service, between the ages of 15 and 49, was estimated at about 870,000. It is unlikely, however, that a significant proportion of these could be made available to augment the 380,000 now under arms. 18/

One of North Korea's most pressing problems has been in fact, an over-all manpower shortage, affecting both the military and economic capabilities of the country. It is estimated that the population declined by more than one million during the Korean war as a result of war casualties and the exodus of refugees. 29/

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D. Present Political Situation

1. Structure of Government

The North Korean Government is a "people's democracy," conforming in its essential elements to the governments of the European satellites. Its authority extends into all facets of society through the all-powerful Korean Labor (Communist) Party. The highest organ of the party's formal structure is the National Party Congress, which is supposed to meet at least once every four years. Composed of elected representatives of the more than one million party members, it is charged with the election of the party's central committee. The latter, in turn, selects a policy making group (presidium), an administrative group (organization committee), and a supervisory group (control committee).

The highest organ of state power is the Supreme People's Assembly, composed of 215 delegates elected to a four-year term each, which sits in session twice yearly. Between sessions, the Assembly's powers are exercised by a presidium elected by the parent body and composed of a president (the formal chief of state), three vice presidents, a secretary-general and 16 other members. The Cabinet, nominally responsible to the Assembly, is the supreme executive organ of the state and is composed of the premier, six vice premiers, 24 state ministers and two commission chairmen. The Supreme Court, a body of 20 members of whom the chief justice and eight associate justices are appointed by the Assembly, is the highest judicial body. The provincial courts act as courts of appeal from the people's courts, which are organized at city and county level.

As of November 1958, the Assembly Presidium consisted of CHOE Yong-kon, President; YI Kuk-ho, HYONG Chil-chong and KIM Won-pong, Vice Presidents; KANG Yang-uk, Secretary General; and PAK Chong-ae, Member. As of December 1958, the Cabinet comprised the following: 30/

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<u>Position</u>	<u>Name</u>	<u>Telecode Number</u>
Premier	KIM Il-sung	6855/2480/2052
Deputy Premiers	CHONG Ch'un-t'aek	6774/3294/3419
	CHONG Il-yong	6774/2480/7893*
	HONG Myong-hui	3163/0730/8408
	KIM Il	6855/2480
	NAM Il	0589/2480
	YI Chu-yon	2621/0719/8673
Ministers		
Agriculture	HAN Ch'on-chong	7281/1131/6945
Chemical Industries	YI Ch'on-ho	2621/0578/6964
City Construction & Admn	KIM Pyong-sik	
Coal Mining Industry	KIM T'ae-kun	
Commerce	CHIN Pan-su	7115/3803/4423
Education & Culture	YI Il-kyong	2621/0001/0079
Electric Power	KIM Tu-sam	6855/2435/0005
Finance	SONG Pong-uk	1345/7685/6735
Foreign Affairs	NAM Il	0589/2480
Foreign Trade	YI Hae	2651/3189
Forestry	KO Hui-man	7559/3556/3341
Internal Affairs	PAL Hae-ae	2455/1331/0013
Justice	HO Chong-suk	6079/6297/3219
Labor	KIM Ung-hi	6855/2019/1015
Light Industry	MUI Man-ak	2429/8001/3768
Machine Mfg. Industries	CHOE Chae-u	
Marine Industries (Fisheries)	YU Ch'ol-mok	
Metallurgical Industries	HAN Sang-tu	7281/4161/2435
National Defense	KIM Kwang-hyop	6855/0342/0204
Posts & Communications	CHOE Myon	1508/6343
Procurement & Food Admn	CHONG Song-on	

* Telecode numbers also given as 6774/0001/7893.

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Public Health	YI Pyong-nam	2621/3521/0589
State Inspection	P/K Mun-kyu	2613/2429/0964
Transportation	KIM Hae-il	6855/3189/0001
Without Portfolios	HONG Ki-sung	3163/3825/3874
	KIM Tai-hyon	6855/6671/6881
Chairman, State Construction Commission	KIM Ung-sang	6855/2019/4161
Chairman, State Planning Commission	YI Ch'ong-ok	2621/1350/3768

2. Korean Labor Party and Affiliates

The Korean Labor Party (also known as the Korean Worker's Party) had its beginning in August 1945 when a party reconstruction committee was set up under the auspices of the Soviet occupation authority. Reorganization was apparently completed two months later, when KIM Il-sung formally became head of the Organization Bureau of the Central Committee of the Communist Party of North Korea. According to the Russian account, this reorganization of the Korean Party was "based on Bolshevik principles," which had their origin in the CPSU Program of Action of 1934.

True to Soviet traditions, the Korean Communists began to organize the masses along such familiar lines as labor, peasants, youth, women, etc. By the end of 1945 the formation of a Democratic Front embracing these various groups was under way. This manifestation of the "united front from below" tactic reached its culmination in August 1946, when the North Korean Communist Party merged with the New People's Party to form the Korean Labor Party headed by KIM Il-sung, which has been in power in North Korea since that time.

Following its election in early 1947, an All-North Korea People's Assembly in turn elected a Central People's Committee with KIM as its head. KIM's Labor Party and the United National Democratic Front won 99.6 percent of all the votes cast. 31/

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As of November 1958, the Party continues as the most powerful political force in North Korea. It directs and supervises all political activity through the medium of governmental administrative mechanisms and a structure of social organizations. The power to make state decisions resides in a small group of people within the Labor Party. KIM Il-sung declared in 1955 that there is not a single work place or farm village without a Party representative. In addition a great effort is made to insure the cooperation of as many groups in the society as possible.

The regime functions ostensibly on a popular-front base. The first "united front"—the Democratic People's Coalition Front--was formed in 1946. In 1949 this was replaced by the Democratic Front for the Attainment of the Unification of the Fatherland. Three officially recognized political parties are members of the Front: the Labor Party, the Chosen Democratic Party, and the Chondokyo (Young Friend's Party), a semi-religious group. The last two parties were organized before 1945 and had been active in the independence movement. Since then, however, their leadership has been usurped by the Communists, and the two parties now exist largely in name only, with little left of their none too substantial prewar organizations. The Front also includes various social, economic, youth, and religious organizations, most of which have been fostered by the regime and serve as additional instruments of control over the people. The Democratic Front is the major mechanism which the Labor Party uses to control the other political parties and organizations to mobilize and control group activity. The social organizations in the Front cover almost all fields of group activity. The more important include the Korean Democratic Youth League, the Korean Federation of Trade Unions, the Democratic League of Women, the Korean Writers' Union, the North Korean Christians' League, the Korean Buddhist League, and the Korean-Soviet Friendship Society. The Women's League and the Youth League are reported to have more than a million members each. 32/

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The North Korean Democratic Party, nominally an independent organization, is in reality a political group which is allowed to support only the policies of the Korean Labor Party and to cooperate with it under its unchallenged leadership. All key positions within the Democratic Party are covertly controlled by the Korean Labor Party. It was formed in 1945 by CHO Man-sik (2580/2519/2784) as the Korean Democratic Party. In 1946 CHO and his followers were expelled, and the "socialist" faction under CH'OE Yong-kon (1508/6978/0526) seized control, changing the name to North Korean Democratic Party. Its announced policy is defined as an assembly of the democratic people of the middle-class striving to support the political ideology of "people's democracy." HONG Ki-hwang (3136/3825/3874) is the present Chairman. The party is composed of approximately 200,000 members. 33/

The North Korean Federation of Trade Unions, which is the parent body of 17 national craft unions, is an instrument of the state, not a body with autonomous rights. The Federation is manipulated by the regime to stimulate production and to further the political indoctrination of the workers.

Four non-Communist parties are sponsored by the regime: the United Democratic Fatherland Front, the Democratic Independence Party, the Religious Chongu Party, and the recently established Consultative Council of Former South Korean Personages in the North for the Promotion of Peaceful Unification. These parties have no real political power, serving only as facades to advance the regime's appeals to members of anti-Rhee political parties and personalities in South Korea and to control domestic mass organizations. 34/

The North Korean press occasionally refers to the Association of Chinese Residing in North Korea. The Association has a central committee, 9 provincial committees, 38 district and city committees, and 113 branches. Information on its functions and possible political influence is not available. 35/

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The Korean Labor Party conducts its internal security functions through the regular party organization. Its strength as an internal security force lies in the fact that party members are all potential informers who, as loyal Communists, should theoretically report both deviationists within and antagonists outside the party. In the field of espionage and subversion the Liaison Department of the Party Central Committee is organized primarily to operate in South Korea, with a secondary interest in Japan. Accurate information concerning the detailed organizational structure of the Liaison Department is not available, but there appear to be sections normally found in an intelligence organization. A Staff Section is also included in the organizational structure of the Liaison Department, but its duties are not clear. It would appear that personnel of this section have an interest in agent recruitment, since reports have indicated that representatives from the Staff Section have interviewed prospective agents.

The Political Bureau represents the Party within the Ministry of Internal Affairs. It handles all Party activities within the Ministry, approves the selection of employees, and insures allegiance to the Party line by all Ministry employees. In addition, the Bureau provides Communist indoctrination and education programs for party members, keeps all records of party members, collects and submits reports, and insures that decisions of the Korean Labor Party Central Committee are carried out by the various organizations of the Ministry. The use of trading companies by all North Korean intelligence services is an established fact, but their operations seem to be complex and reports have varied considerably concerning sponsorship of individual companies. The dominating influence in North Korean intelligence seems to be the Korean Labor Party Central Committee, in which policy, guidance and directives originate. PANG Hak-ke, Minister of Internal Affairs and a reliable Soviet-Korean, is probably the focal point for all intelligence activity, since he is not only one of the most powerful members of this committee but is also head of the largest of all North Korean intelligence agencies, i.e., the Ministry of Internal Affairs. 36

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3. Foreign Relations

The North Korean Government is recognized only by the members of the Communist bloc, and its formal diplomatic contacts are limited to these nations. North Korean contacts with the non-Communist world have been largely confined to International Red Cross activities and to such non-governmental international activities as participation in the International Geophysical Year. It has not even been accepted for membership in the Universal Postal Union. 37/

In matters of foreign policy, the North Korean Government makes no more than a rhetorical effort to be anything but a willing tool of the Sino-Soviet alliance. Its foreign policy, like its domestic policy, is conducted under Sino-Soviet control, and in international issues Pyongyang echoes the Moscow-Peiping position. As the weakest of the satellite governments, North Korea is entirely dependent on the Communist bloc for both its internal and international existence.

Pyongyang's principal foreign policy objectives appear to be (1) elimination of the hostility of non-Communist states engendered by the Korean War, (2) integration of its economy with that of the Sino-Soviet bloc, (3) withdrawal of US military power from South Korea and the reduction and ultimate elimination of US political influence in and economic aid to the South, (4) unification of Korea under Communist control, and (5) recognition by non-Communist nations and membership in the UN and other international organizations. As a first step in this direction Pyongyang is actively promoting trade with non-bloc countries. 38/ North Korea has almost no contacts outside the bloc except with groups in Japan and the 600,000-800,000 Koreans living there. The Communists probably hope that by developing North Korean contacts with Japan they can increase ROK distrust of Japan and hamper US efforts to develop ROK-Japanese cooperation. 39/

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The North Korean Government has diplomatic relations on the ambassadorial level with the following governments: 40/

Albania	YIM Chur-shu	Petro Gadeshi
Bulgaria	KIM Hak-in	Tsola K. Krustev
Communist China	MUN Chao-shu (charge d'affaires)	CHIAO Hsiao-kuang (0829/2556/0382)
Czechoslovakia	HAN Ik-su	Stanislav Kohosek
Germany, East	PAK Il-yong	(Unknown)
Hungary	HONG Tong-choe	Karoly Prath
Mongolia	HAN Il-u	Nudenhuugin Yadamzhab
Poland	HO Pin	Jerzy Siedlicki
Rumania	KIM Pyong-chik	Anton T. Jianu
USSR	YI Sin-pal	Aleksander M. Puzanov
North Vietnam	CHON Chung-chol	Tran Xuan Do

4. Propaganda

Propaganda is a major medium of the North Korean Government in the establishment of a socialist society. As in all other Communist countries, the propaganda apparatus is large, highly organized, and completely controlled and directed by the Communist Party. Its activities permeate practically all aspects of life and exclude almost any possibility of dissemination of information from unofficial sources. All channels of public information--the formal mass communications media, face-to-face communications, the educational system, and political, professional, artistic and labor organs--are controlled by the government and the Korean Labor Party.

In June 1950 the domestic propaganda apparatus included six general divisions under the control and direction of the Korean Labor Party: the Party itself, the Cabinet and several staff agencies, the Ministry of Culture and Propaganda, the Ministry of Education, the Ministry of National Defense and the Ministry of Internal Affairs, and the mass

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organizations. Although some changes have been made, for example, the combining of the Ministries of Culture and Propaganda and of Education into a single Ministry of Education and Culture, it may be assumed that the propaganda organizations still function much the same. In June 1950 it was reported that between 50,000-75,000 persons were employed, full-time or part-time, in propaganda activities. Between 10 and 15 percent of the national budget was allocated for propaganda.

Through its Agitation and Propaganda Department, the Labor Party defines general propaganda policy and has the final voice in the approval or disapproval of programs planned by the various agencies. The Party carries out direct propaganda through its many publications, through the constant training and indoctrination of its members, and through the large force of agitators, who were reported in 1957 to number 200,000. The North Korean Cabinet promotes its propaganda through the Cabinet Press, the Korean Central News Agency, and the Cabinet's central schools and academies, which train and indoctrinate top-level bureaucrats and technicians.

The most important control agency--the Bureau of Publications--is directly responsible to the Cabinet. All publications, including every issue of every newspaper, every radio script, and every film scenario must be submitted to an official of the Bureau of Publications for pre-publication censorship. The most important government propaganda agency has been the Ministry of Culture and Propaganda; it is believed that its amalgamation with the Ministry of Education in August 1957 has affected neither the function nor the scope of its program. This Ministry has served as the principal channel for Party control and supervision over the propaganda activities of other government agencies and the mass organizations (League of Writers and Artists, Democratic Youth League, Democratic League of Women, Teacher's Union, Buddhist Society, Korean Federation of Trade Unions, Farmer's League, etc.). 41/

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Domestic propaganda is of two general types: long-range political education and indoctrination, and relatively short-term programs designed to support specific social and economic policies and goals. Although both types are dominated by material and approaches used in the Soviet Union, there has been some indication during the last few years that North Korean authorities have felt the need for some modifications to make the propaganda more relevant to conditions in their own country. Themes are developed as absolute with no intermediate shadings. Actions of the Communist nations, governments, and parties are presented with the most glowing approval as "peace-loving," "friends of Korea," "democratic," etc. The Soviet Embassy in Pyongyang coordinates the activities of the Korean-Soviet Cultural Associations with other Soviet agencies, such as Mezhdunarodnaya Kuiga (International Book Agency), responsible for the distribution of Soviet books, periodicals, newspapers, and printed matter, and Voks (All-Union Society of Cultural Relations Abroad), whose principal aim is to promote Soviet dramatic and other artistic presentations. Detailed information regarding Chinese Communist propaganda activities in North Korea is lacking. The New China News Agency now has a branch in Pyongyang, but Soviet propaganda continues to predominate. 42/

The main propaganda themes used by the Pyongyang authorities include the following:

- (a) The USSR is constantly pictured as the great leader in the march toward socialism, a friend of the small, weak nations, and the country to which the Koreans owe a great deal for liberation from Japan and for assistance in reconstruction.
- (b) Korean independence and unification have been major themes since 1945. Unification by peaceful means was stressed in the years before 1950 and, since the armistice, has again become a major theme.

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(c) The unity of Communist nations is still of great importance, and the assistance given to Korea by Communist China and the European satellites is given considerable publicity. 13/

(d) North Korean propaganda directed towards both the civilian and military population of South Korea is, as regards both theme and media, patterned strictly after Soviet propaganda techniques, except that it does not indulge to any considerable extent in theoretical and abstract political arguments. 44/

(e) Chinese Communist troop withdrawal from North Korea has been given great emphasis, including the Peiping line that the United Nations and especially the United States should withdraw their forces from the South and let the Koreans manage their own affairs without outside interference.

(f) Statements by Pyongyang that it is ready to assist in the rehabilitation and care of the war orphans and indigent people of South Korea are designed to embarrass President RHEE and the Republic of Korea.

(g) A demand that the Japanese government of Premier Kishi repatriate all Koreans now living in Japan to North Korea is an attempt to embroil Japan and South Korea in further diplomatic unpleasantness.

(h) There has been much verbiage on the Chinese Communist break-off of economic relations with the Kishi government, as a move to bring pressure on the Japanese to institute direct negotiations with Peiping.

(i) Little has been said concerning the denigration of Stalin, possibly due to the influence Stalin had over KIM Il-sung and also to KIM's position as head of a one-man cult in North Korean political life.

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5. Names and Positions of Key Personalities

In addition to persons already listed in this paper, the following are important personages in North Korean activities:

- (a) Lt. Gen. CHANG Pyong-san, Commanding General, 4th Corps
- (b) Lt. Gen. CH'OE Yong-chin, Commanding General, 2nd Corps
- (c) Vice Marshall CH'OE Yong-kon, Deputy Commander-in-Chief, Army
- (d) Maj. Gen. KIM Chang-pung, Commanding General, 5th Corps
- (e) Lt. Gen. KIM Pong-yul, Vice Minister of National Defense, Commanding General, Artillery Department, GHQ
- (f) Gen. KIM Ung, Vice Minister of National Defense
- (g) Gen. YU Kyong-su, Commanding General, 1st Army Group 45/
- (h) HAN Sol-ya, formerly Minister of Education and Culture, now a member of the Central Committee, Korean Labor Party
- (i) HONG Myong-hui, Chairman, Democratic Party
- (j) KIM Chon-hae, aka KIM Ten-kai, Member of the Presidium of the Supreme People's Assembly and the Central Committee of the Korean Labor Party 46/
- (k) HYON Chong-min (3763/3945/3046); Head, Organization Department, Korean Labor Party

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(l) PAK Kam-ch'ol (2611/0095/0772), a close friend of Premier KIM

(m) YI Ki-yong (2621/5487/3057), Member, Standing Committee, Presidium, Supreme People's Assembly

(n) YI Kuk-no (2621/0144/7677), North Korea's most distinguished scholar II

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E. Present Economic Situation

1. Character and Structure of the Economy

The division of the Korean peninsula following World War II upset the complementary economy of North and South Korea. North Korea was cut off from agricultural and manpower resources, resulting in a persistent shortage of food. The government completely controls the economy of North Korea, and even in that part of agriculture, retail trade and petty manufacturing where the free enterprise system still exists in theory, control is exercised through heavy taxation, pressure for collectivization, a licensing system, control over material allocation, and other indirect means. The regime has followed a well-defined policy of socializing the entire economic life of North Korea, and over 98 percent of total industrial output is from the "socialist" sector. 48/

The fundamental economic objectives of the North Korean regime are evidently to build a strong industrial base, to mitigate the economic burden which North Korea imposes on the Sino-Soviet bloc, and eventually to make the greatest possible contribution to the economic potentials of the Communist Far East. In line with these objectives, North Korea has formulated and carried out state economic plans in a pattern quite similar to those followed in other bloc countries. The decision of the Third Congress of the Korean Labor Party in the spring of 1956 made it clear that in the First Five-Year plan priority was to be given to the development of the metal, electric power, coal, chemical, building materials and, especially, machine industries.

The principal organ for economic planning and control is the State Planning Commission, which has the power to approve the state budget and to allocate funds for all phases of state administration. Functionally, the Commission is divided into four major areas of responsibility: Industrial Planning, Agricultural and Fishery, Transportation and Communications, and Material Allocation. Distribution of the US \$700 million invested during 1954-56 was

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as follows (in percentages): Industry 49.6; Agriculture 9.2; Transportation-communications 23.1; Housing, public utilities, etc. 26.9; State commerce 11.2. ^{49/}

2. Agricultural and Industrial Potential

While agriculture has lagged behind industry in the socialization process, 95 percent of all farm households reportedly included in cooperatives as of January 1958. ^{50/} North Korean internal trade suffers from the imbalanced development of industry and agriculture. Agriculture, which is composed of small and scattered subsistence farms, has lagged behind industry, which is composed of a modern centrally controlled factory system characterized by a division of labor and specialization of operations. The rural population tends to be self-sufficient, producing only what it needs, subsisting on a low income, and demanding few products. Although agricultural socialization has progressed considerably, the progress of agricultural development has not been impressive, and the basic imbalance between agriculture and industry appears to persist. ^{51/} Thus the exportation of any Korean agricultural products would understandably result in tremendous hardship to the North Koreans. In fact, the Peiping radio stated in late November 1958 that, in conformity with the economic-cultural agreement signed in November 1953 between North Korea and Red China, China was continuing to export grain to North Korea, in addition to coal, cotton textiles, steel machines, railway stock and paper. ^{52/} Food evidently is not easy to procure in North Korea; in 1955 the government was forced to import 350,000 tons and in 1956 more than 200,000 tons. ^{53/}

Industrially, production in most sectors, with the exception of steel and heavy machinery, is still from one to two thirds below the peak level reached in 1944 under Japanese rule. In addition, the rapid industrialization program has entailed some disadvantages. It has sacrificed consumer production in the interests of achieving a greater output of capital goods; this sacrifice is causing widespread dissatisfaction which will probably be accentuated as the regime pushes toward greater economic independence from the bloc. Industry suffers from shortages of coking coal, oil, rubber and manpower. ^{54/}

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3. Banking and Currency

Calculated on the basis of cross rates which prevailed in 1954-1955, i.e., 4 rubles equals US \$1 and 30 won equals one ruble, the value of the North Korean won is 120 per US dollar. There are three state banks: the North Korean Central Bank, which is the bank of issue and central fiscal agent of the government; the Korean Farmers' Bank, which provides agricultural credit to peasants; and the State Construction Funds Bank, which controls the financing of the state's capital construction projects. Together these three state banks control the nationalized banking system of North Korea.

The government has thorough control over prices and wages and has persistently followed a budget surplus policy. The government has also rigidly restricted the supply of money and cash transactions. 55/

4. Foreign Trade

With the outbreak of hostilities in 1950 all trade relations with non-Communist countries ceased. Since North Korea's capacity to pay for imports was only a small fraction of its needs, its limited exports were necessarily directed toward the Communist bloc. Since the armistice the bloc has offered the regime aid totaling more than \$970 million, to be granted over periods ranging from 2 to 10 years. 56/ Separate trade and payments agreements are known to have been concluded with most members of the Communist bloc; but since detailed statements of the products and sums involved are not available, it is impossible to separate North Korea's trade with the Communist bloc from the aid it has received from those countries. 57/

The following table summarizes aid commitments from the Communist bloc (in millions of US dollars):

<u>Country</u>	<u>Period</u>	<u>Amount</u>
USSR	1954-57	367.5
Communist China	1954-57	325.2
East Germany	1954-54	136.4

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Poland	1954-57	91.0
Czechoslovakia	1954-56	28.3
Rumania	1954-56	22.5
Bulgaria	1954-56	8.0
Hungary	1954-57	3.8
Mongolia	1954-57	100,000 head livestock; 5,000 tons meat; 92 freightcar loads food and clothes.

Annual aid received from the bloc is decreasing, and it is estimated that in 1960 it will not amount to more than \$12,900,000. 58/

Export production goals for 1956 for major industrial items include the following (in 1,000 metric tons): 59/

<u>Commodity</u>	<u>Amount</u>
Coal (lignite and anthracite)	3,900
Iron ore	820
Pig iron	187
Steel ingot	190
Steel, finished	126
Copper, finished	4
Chemical fertilizer	195
Calcium carbide	99
Cement	597
Marine products	365
Sheet glass (1,000 square meters)	1,960

From 1954 to 1957 North Korea's imports greatly exceeded her exports, the difference apparently having been paid for by bloc aid. Since this aid is now decreasing and since a portion of North Korean export receipts will probably have to be set aside to service debts owed to the bloc, it is becoming increasingly necessary for Pyongyang to expand her exports. 60/ North Korea must, therefore, endeavor to develop trade with non-orbit countries in whatever manner possible to obtain foreign currency to import the numerous commodities needed for her

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domestic economy. However, with the commitment of her scarce export trade to the bloc countries and the need of using her own limited natural resources in the economic rehabilitation of her own country, it is difficult to see how North Korea can divert any products to the non-orbit trade.

North Korea has embarked upon an impressive program of endeavoring to promote trade with non-orbit countries. Up to the present time, it has made the following trade agreements:

(a) Under an agreement signed with the Indonesian Chamber of Commerce and Industry on 15 May 1957, North Korea will export semi-processed goods such as fertilizer and cement in return for Indonesian agricultural commodities.

(b) The State Trading Corporation of India signed a pact with officials of the North Korean Ministry of Home and Foreign Trade on 27 August 1957. Under this arrangement India will import cement, glass, zinc, steel and chemicals, in exchange for raw materials, foodstuffs and manufactured consumer goods.

(c) Burma was the first non-Communist government to conclude an official commercial agreement with Korea. The arrangements were formalized by an exchange of letters on 2 October 1957 and provide for the exchange of resident commercial delegations to facilitate trade. Burmese rice and commodities will be bartered for North Korean industrial products.

(d) An Egyptian trade mission signed a trade agreement in Pyongyang on 9 December 1957, providing for the sale to North Korea of Egyptian cotton, textiles and spices, in exchange for metals, chemicals, and fertilizer. 61/

(e) Between September 1956 and December 1957 it is believed that Japanese firms contracted for the following North Korean commodities: 30,000 metric tons of anthracite, 10,000 metric tons of calcium carbide, 24,000 metric tons of graphite, and 1,000 metric tons of pig

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(f) In 1956 the Union of South Africa reported trade with North Korea of unspecified commodities valued at \$52,000.

(h) In 1956 a representative of a Swiss firm signed in Pyongyang a bilateral agreement calling for trade to the extent of \$560,000. By September 1957, however, no exchange of goods had been reported in Swiss official statistics.

In view of its difficulties with reconstruction and development of exports, the motives behind North Korea's expanded contacts with Western countries appear more political than economic. Although the regime undoubtedly hopes that a certain amount of economic benefits will accrue from these agreements, it probably believes that trade will enhance its international respectability and lead to eventual diplomatic recognition. 63/

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nations and also supervises the business operations of relevant trading firms. Actual management of NKITPA is in the hands of its chief secretary, YI Ch'ol-chi (2621/-1796/0966), and the division chief, O Pyong-ik (0702/3521/-5042), but final decisions are made by the Association Assembly. Companies engaged in direct trade with Japan are the Korean Trading Company, the Korean Mining Products Import-Export Company, and the Tong Myong (2639/2494) Company. According to various North Korean trade officials, it is the policy of these companies to avoid making individual contracts before a civil trade agreement with Japan is concluded, without which the North Koreans cannot put any trade plans into effect. 64/

The following foreign trade corporations of North Korea are all members of the NKITPA: 65/

- (a) Korea Chemicals Export and Import Corporation, Se-gu, Pyongyang.
- (b) Korea Machinery Export and Import Corporation, Nam-gu, Pyongyang.
- (c) Korea Electric Equipment Export and Import Corporation, Nam-gu, Pyongyang.
- (d) Korea Foodstuffs Export and Import Corporation, Se-gu, Pyongyang.
- (e) Korea Minerals Export and Import Corporation, Chung-gu, Pyongyang.
- (f) Korea Technical Trading Corporation, Nam-gu, Pyongyang.
- (g) Korea Foreign Trade Transportation Corporation, Nam-gu, Pyongyang.

The most positive step taken by North Korea during 1957 to promote economic exchanges with the free world has been the dispatch of official trade missions to Indonesia, India,

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and Burma, resulting in the conclusion of quasi-official trade arrangements. ^{66/} Early in May 1958 it was reported that representatives of the State Trade Corporation of the Democratic Peoples' Republic of Korea arrived in Djakarta during the first week in May, presumably to open a permanent trade mission. ^{67/} On 30 November 1958, Premier KIM in a broadcast from Peking stated that his government had established economic relations with a number of Asian and African countries. ^{68/} Except as already noted, no details concerning these trade delegations and names of trade representatives are available.

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F. Present Military Situation

1. North Korean Armed Forces

The North Korean armed forces at the present time are estimated to number approximately 330,000. Included in this figure is the 331,000-man army, which ranks as the third largest Communist army in the world.

The Ground Forces, headed by Lt. Gen YI Kwon-mu as Chief of Staff, are organized into the 1st and 2nd Army Groups. Component elements include 6 corps (18 infantry divisions), 3 antiaircraft divisions, 4 infantry brigades, 2 howitzer brigades, 6 artillery regiments, 9 armored regiments, 6 antiaircraft regiments and 4 independent antiaircraft battalions. Most of the heavy equipment is of Soviet origin and is believed to be in good condition. North Korea has 918 76.2mm guns, 547 122mm howitzers, 194 artillery pieces of 122mm or larger, 583 37mm antiaircraft automatic weapons, 205 85mm antiaircraft guns, 11 76mm antiaircraft guns, and 1,636 82mm mortars, 161 120mm mortars, 100 T-34 tank cannon, 99 SU-76 self-propelled guns, and 50 SU-85 self-propelled guns.

As of 30 October 1958, the 1st Army Group was stationed between Wonson and the 38th parallel, and General Headquarters and the 2nd Army Group in and around Pyongyang. The 1st, 4th, 5th and 7th Corps are stationed along the 38th parallel, the 3rd Corps in the vicinity of Pyongyang, and the 2nd Corps at Wonson. 69/

The Air Force, with Lt. General HAN Il-mu as Commander, consists of approximately 20,000 men. There are three jet fighter divisions, one jet-equipped ground attack division, and one light-bomber division equipped with both piston and jet aircraft. The equipment includes 450 MIG jet fighters (some are MIG-17's), 75 IL-18 twin-jet light bombers, and 30 TU-2 conventional twin-engine light bombers. 70/

The North Korean Navy is a small coastal defense force with the primary mission of defensive patrol and surveillance in territorial waters. Personnel strength is about 7,000, of whom less than 1,500 actually serve afloat. The

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fleet consists of 12 motor torpedo launches, 6 motorboat submarine chasers, 8 inshore minesweepers, and about 95 district patrol craft of motor launch and armed motor junk categories. The navy is divided into three operational groupings: the Coast Guard, the East Sea Fleet, and the Yellow Sea Fleet. The navy's only notable offensive strength is the small motor torpedo boat force, while its most effective defensive capability lies in the realm of mine warfare. The navy is believed to possess an extensive stockpile of Soviet contact-and magnetic-type mines. 71/

2. Evacuation of North Korea by Chinese Communist Forces

The Chinese Communists announced on 26 October 1958 that the last of their troops had been withdrawn from North Korea. The Chinese are capable, however, of deploying up to six armies--about 300,000 troops--to forward areas of North Korea within two weeks, if reinforcements should be required by the North Korean Army. 72/ Their evacuation across the Yalu River can therefore be considered a propaganda move designed to force the withdrawal of United Nations forces from South Korea. This view is substantiated by the incessant radio broadcasts on this theme from both North Korea and Communist China.

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